

AR28

Annual Report 1974



Hudson's Bay Company
INCORPORATED 2ND MAY 1670

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BLOOR AND YONGE

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The 306th Annual General Meeting of Shareholders will be held at the Winnipeg Inn, Winnipeg, Manitoba, on May 23, 1975 at 12:00 noon.

The Bay's flagship store for the Toronto area was opened on August 7, 1974. It is featured photographically on the cover and on a number of inside pages of this report.

Financial Highlights



	1974	1973	INCREASE (Decrease)
	\$	\$	%
SALES AND REVENUE	1,022,040,000	826,350,000	23.7
NET EARNINGS	18,420,000	17,664,000	4.3
CASH FLOW.....	34,275,000	29,833,000	14.9
CAPITAL EXPENDITURES....	43,665,000	56,907,000	(23.3)
SHAREHOLDERS' EQUITY..	221,950,000	210,289,000	5.6
PER SHARE:			
Earnings	1.33	1.29	3.3
Dividends60	.56	7.1
Equity	15.93	15.23	4.6

Directors' Report to Shareholders



SUMMARY

In a year beset with difficulties for business, governments and financial institutions throughout the world, your Company has achieved a modest increase in earnings; \$1.33 per share compared with \$1.29 per share the previous year.

The increase was attained because of a very strong performance in our principal area of activity — merchandising — where sales increased by 22%.

Earnings from natural resources comprising dividends from Hudson's Bay Oil & Gas Company Limited, and our equity earnings of Siebens Oil & Gas Ltd. were ahead of expectations. Unfortunately, misgivings about government tax policies are seriously affecting the future prospects of the Canadian petroleum industry, and the current level of exploration activity is insufficient to maintain reserves.

Results from real estate were disappointing. However, profits from the Company's shopping centre investments continued to show progress. Conditions in the Canadian housing industry deteriorated due to rapidly increasing costs, shortage of mortgage funds and high interest rates. Markborough's performance suffered accordingly.

Sharply higher interest rates and the effect of inflation on working capital, together with carrying costs

related to new fixed capital and the inclusion of Siebens and Markborough investments for a full year, led to an increase in long and short term borrowing costs from \$11,500,000 to \$25,400,000.

Overall, considering the mixed factors at work in the Canadian economy, your directors believe the 1974 results are encouraging.

FINANCIAL

Earnings . . . net earnings were \$18,420,000 compared with \$17,664,000 in 1973. Earnings of Markborough have been consolidated for the full year as against only two months a year ago.

Revenue . . . Revenue at \$1,022,000,000 increased by 24% and exceeded \$1 billion for the first time in the Company's history.

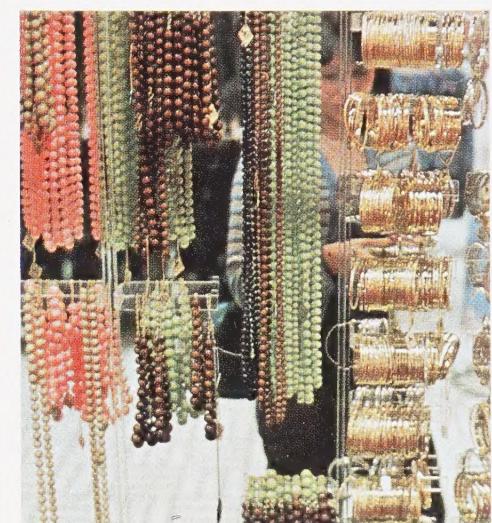
Dividends . . . Two semi-annual dividends of 30¢ per share were paid in 1974. This represented an increase of 4¢ per share on an annual basis over dividends paid in 1973. A dividend of 30¢ per share has been declared payable April 17, 1975 to shareholders of record March 15, 1975.

Share Capital . . . A total of 127,230 additional shares was issued in September 1974 at \$12 per share under the Employee Share Purchase Plan, bringing the number of shares outstanding to 13,936,498.

Finance Costs . . . Finance Costs were \$25,400,000, of which \$20,100,000 related to servicing long term debt and mortgages on real estate, and \$5,300,000 to short term and bank interest. The average rate of interest on all borrowings was 7.3%, compared with 6.4% a year ago, reflecting the sharply higher interest costs on new short and long term borrowings.

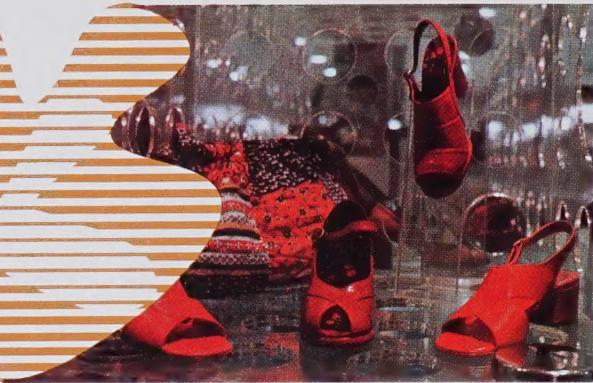
Source and Use of Funds . . . Cash flow from operations increased by 15% to \$34,300,000. The Company obtained \$30 million from the sale of five-year unsecured notes, and \$35 million from issue of 11½% first mortgage bonds of Hudson's Bay Company Properties Limited.

Capital expenditure was \$43,665,000, down 23% from last year. Of this total, 80% related to merchandising, and the balance to real estate. Long term debt of \$8,200,000 was repaid and dividend payments amounted to \$8,300,000. The balance of funds available was invested in working capital; accounts receivable increased by \$31,200,000 and inventories by \$33,300,000.



BLOOR AND YONGE — The new 260,000 sq. ft. Bay store is part of the Hudson's Bay Centre which also includes a 35-storey office tower, a hotel and apartment tower, a shopping concourse and parking facilities.

Merchandising



Retail... The Company's growth in retail sales was encouraging. The 22% increase substantially exceeded the rate of inflation — the Consumer Price Index was up 12.4%. Part of the real growth came from new units, and the balance from increased business at established stores. Sales momentum was maintained fairly evenly throughout the year and across most merchandise categories. Canada entered 1974 with a shortage of supply in some merchandise, and retailers were ordering long in advance to ensure delivery. By the third quarter the situation had changed dramatically; supplies were plentiful, and our stores were generally over-stocked. Relatively strong Christmas sales corrected the situation. At year end, inventories were up 26% from the previous year, due in large part to the requirements of the Company's new stores. Costs of doing business continued to rise, the major part of the increase in payroll costs, which account for more than half of total retail expense.

The most important event in our retail expansion program which began six years ago was the opening on August 7, 1974 of our new 260,000 sq. ft. Bloor & Yonge store in downtown Toronto. It is located in the popular Bloor Street shopping area, and at the intersection of the city's two subway lines. It will serve

customers who live and work in the downtown area, as well as suburban shoppers who prefer the larger assortments available in a major downtown store. Shopper acceptance has been very favourable. Earlier in the year our seventh Toronto suburban store of 124,000 sq. ft. was opened in the Towne & Countrye Square on the northern boundary of metro Toronto.

On August 7th, the Company opened a 160,000 sq. ft. store in Southcentre in Calgary. The Company has an 80% interest in this centre which was developed by the Company. The opening of a third store in Calgary significantly improves our ability to serve that community, which in recent years has been Canada's fastest growing city.

This year the Company will open a 120,000 sq. ft. store in Place Vertu in northwest Montreal; a 120,000 sq. ft. store in Unicity Mall in west Winnipeg, and an 82,000 sq. ft. store in Village Green Mall in Vernon, B.C., which will replace an older and smaller store in Vernon.

The Company has continued to increase its service to northern Canada and to selected communities outside the major metropolitan areas. New stores were opened at Lloydminster (41,000 sq. ft.), a petroleum and agriculture-based community on

the Alberta/Saskatchewan boundary; at Dryden (25,000 sq. ft.), a forest-industries community in northwestern Ontario, and at Leaf Rapids (12,000 sq. ft.), a new mining centre in northern Manitoba. At Fort St. John, B.C., a new store of 29,000 sq. ft. was opened and the older building was converted to a home furnishings store.

Stores were re-built at Rocky Mountain House, Alberta and Rossdale, Manitoba; 14 were enlarged; and one was closed.

The Company's Shop-Rite Catalogue Stores operation was further expanded by the opening of 13 new stores, and the building of a 120,000 sq. ft. extension to the Distribution Centre in Brampton, Ontario. There are now 53 Shop-Rite stores in Toronto and southern Ontario. Each is approximately 12,000 sq. ft., of which one-third is showroom, and the remainder warehouse. The 196-page full-colour catalogue, an essential part of the operation, is distributed widely in the areas where the stores are located.

The Shop-Rite operation incurred very substantial development costs during the past two years which will permit it to be a significant factor in the markets it serves.

At the year end the Company's retail facilities totalled 13,107,000 sq. ft., an increase of 10.5% from a year



ago. Of this space, 72% is owned, and the remainder leased.

Wholesale ... Wholesale volume increased 24% due largely to expansion, strong demand, vigorous sales development programs and increased prices. New branches were opened in Ottawa, Ontario and Brandon, Manitoba, and four other branches were increased in size to handle greater volume. In an industry where growth has been steady in recent years, we have achieved impressive sales increases by emphasizing quick and efficient service to customers. At the same time, profit margins have been improved by spreading overhead costs over a much broader sales base.

Fur ... The price of furs, like that of other commodities, tends to run in cycles. The long upward trend which began four years ago, came to a halt in the spring of 1974 and when markets for the current season opened this past December, prices were reduced somewhat for all varieties. These reductions varied from moderate in the case of Karakul to as much as 30% - 40% for some varieties of wild fur. The price of ranched mink fell to the point where returns of many mink ranchers will barely match the cost of production. Prices firmed somewhat in January 1975, although no strong upward trends have been detected. Much of



the Company's own collection of wild fur, which is purchased outright, was acquired on a falling market, and as a result, the return from this portion of our fur business was lower than a year ago. On the other hand, our three auction houses in Montreal, New York and London (59% owned) attracted large offerings from producers throughout the world. Overall, fur results, while off from the previous year, were the second best in the Company's history.



BLOOR AND YONGE — Located at the intersection of Toronto's two subway lines, The Bay at Bloor and Yonge attracts suburban shoppers as well as customers who live and work in the area.

Natural Resources



1.

Your Company holds a 21.2% interest in Hudson's Bay Oil and Gas Company Limited and a 34.9% interest in Siebens Oil & Gas Ltd.

Hudson's Bay Company's equity in the earnings of Hudson's Bay Oil and Gas Company Limited amounts to \$12,300,000 against \$8,300,000 in the previous year. For accounting purposes, only the portion received in dividends is taken into the earnings of Hudson's Bay Company. In 1974 these dividends were \$3,800,000, an increase of \$800,000 over 1973.

The Company's equity in the earnings of Siebens Oil & Gas Ltd. was \$1,500,000.

Hudson's Bay Oil and Gas Company Limited... Hudson's Bay Oil and Gas Company Limited recorded substantial increases in revenues, funds generated and net earnings in 1974, despite sharply higher royalty rates, adverse income tax changes and inflationary cost increases. There was a net reduction in hydrocarbon reserves which will have to be replaced in future at inflated costs.

Net earnings for 1974 were \$58,400,000, or \$3.07 per common share, an increase of 48% over the \$39,400,000, or \$2.07 per common share earned in 1973.

Production volumes of crude oil and natural gas liquids -- before deducting royalties -- were down

almost 6% in 1974 due to a combination of declining productivity in a number of fields and reduced market demand resulting in part from the Canadian government's export tax on petroleum. Natural gas sales volumes were essentially unchanged from the prior year.

Expenditures on exploration activities and other capital investment programs were \$59,400,000 in 1974, an increase of \$5,100,000 over the prior year. The expansion of foreign exploration activities accounted for a major part of the increase. This increased emphasis on foreign exploration will be maintained in 1975. Unless there is a significant improvement in the investment climate, spending on Canadian petroleum exploration and development will be held to somewhat lower levels than in 1974 in real terms but with continuing rapid inflation of cost, outlays in current dollar terms may closely approximate the prior year's totals.

Siebens Oil & Gas Ltd.... Earnings and gross revenues of Siebens increased substantially in 1974 due to higher product prices. The Company greatly increased its capital spending on drilling and exploration.

Net income for the year ended 31 October 1974 was \$3,950,000 (43¢ per share), compared with \$2,900,000

(32¢ per share) the year before. Gross revenues increased to \$8,700,000 from \$5,600,000 the previous year. Capital expenditures amounted to \$8,750,000, more than double the \$4,200,000 spent in fiscal 1973.

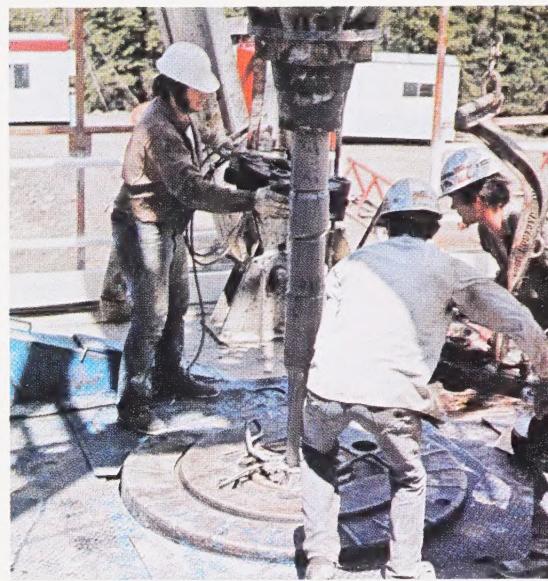
In 1974 Siebens continued its policy of diversifying its exploration efforts throughout the world.

In the North Sea, Siebens has contracted the Western Pacesetter I for a five-well drilling program. The first well, west of the Shetland Islands, was dry, and the second, south of the Heather Oil Field, is presently drilling and testing near completion depth. Siebens' interest in these two wells is 25.6%. A well in which Siebens has a 2.7% interest is now being tested as a new oil discovery.

The Company is proceeding cautiously with its exploration activities in Canada in the hope that the confrontation between the federal and provincial governments over taxation of resources can be resolved in the near future.



2.



3.



4.

1. Semi-submersible rig drilling Siebens' well in the North Sea.
2. Rig on HBOG location in foothills southwest of Calgary.
3. Floor of rig drilling exploratory test for HBOG.
4. HBOG Caroline Natural Gas Processing Plant.



Your Company's real estate interests (apart from land and buildings used in merchandise operations) consist principally of whole or partial ownership of a number of shopping centres in Canada, and of a 64.3% interest in Markborough Properties Limited.

Markborough Properties Limited ...
Earnings of Markborough Properties Limited for the year ended October 31, 1974 were substantially lower than in the previous year, \$3,500,000 (88¢ per share), compared with \$6,065,000 (\$1.53 per share). Cash flow declined from \$3.15 per share to 98¢. The increase in profits from income properties and interest and other income, which improved from \$1,200,000 to \$3,200,000, was not sufficient to offset the sharp drop in profit from land operations. Residential and industrial land sales declined from \$29,400,000 to \$12,900,000.

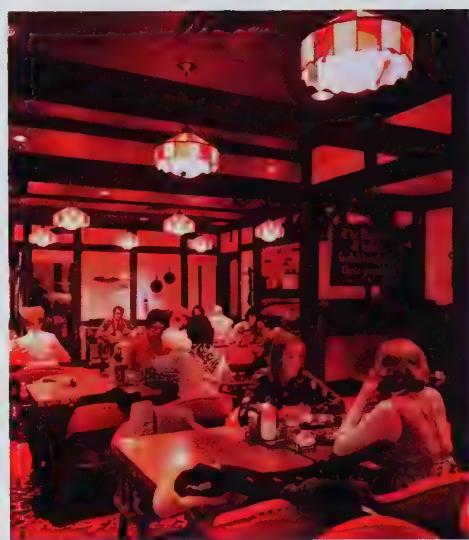
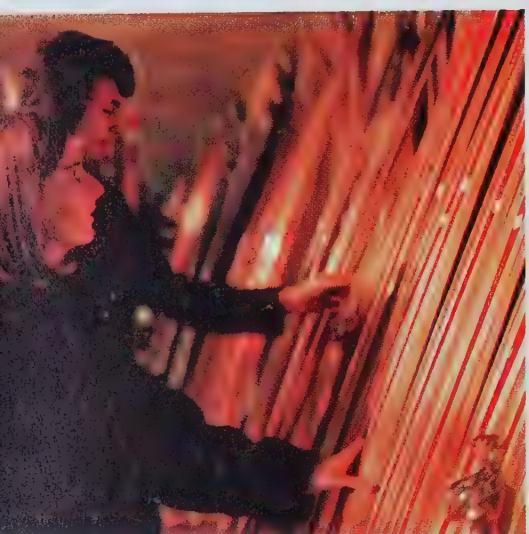
Land sales are dependent upon an active and healthy housing market and the registration of subdivision plans. Markborough was unable to register as much land during the year as it had expected. Activity in the housing industry in Ontario declined in 1974. This was due to rapidly increasing interest rates and to the uncertainties which developed about the effects of provincial legislation. Recent modifications to the legislation have removed most of the damaging provisions and interest rates have moved to lower levels.

Shopping Centre Holdings ...
Southcentre, a \$20 million, 53-acre regional shopping centre in Calgary, owned 80% by Hudson's Bay Company, was completed and opened in August 1974. The Centre has a gross leasable area of 556,000 sq. ft., including Bay and Eaton's department stores. It was built on land purchased by the Company in 1965. Initial customer traffic gives every indication that Southcentre will be an unqualified success.

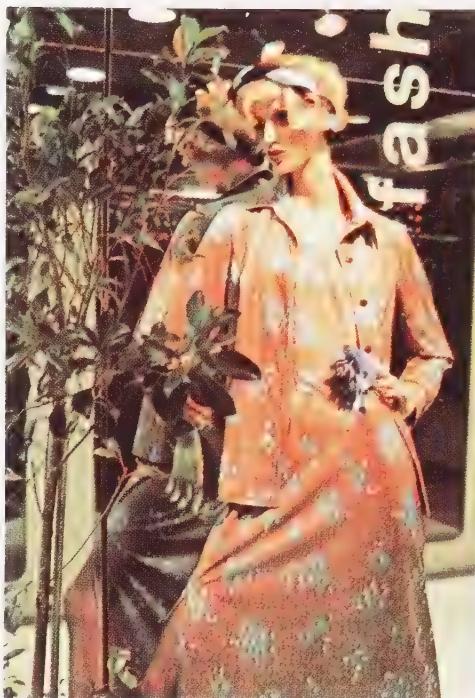
Arrangements were completed during the year for acquisition by the Company of minority equity interests in three shopping centres now under construction which will include Bay stores when they open in 1975. These are Place Vertu in Montreal, Unicity Mall in Winnipeg, and Village Green Mall in Vernon, British Columbia.



SOUTHCENTRE — Located six-and-a-half miles due south of downtown Calgary, this regional shopping centre includes Bay and Eaton's department stores and 100 specialty stores on a two-level enclosed mall.



BLOOR AND YOUNG—Is a contemporary store featuring the latest in fashions in apparel and for the home.



Board ... With regret we are losing by retirement two of our senior directors, Lord Cobbold and Mr. J. G. Links. The counsel of Lord Cobbold has been an asset of the Company since 1962 when he joined the Board following his retirement as Governor of the Bank of England. The Company has benefitted from Mr. Links' considerable expertise in the fur business since 1947. During this lengthy term of office he has seen and contributed to great progress in the Company. We extend our gratitude and best wishes to both retiring directors.

Personnel ... The important contribution made by our personnel in every segment of our business cannot be over-emphasized.

The achievements of this past trying year were made possible by the concentrated efforts of nearly 20,000 employees to whom the appreciation of the Board is once more extended.

Outlook ... The outlook is for continued inflation in Canada in 1975, although perhaps at a slightly lower rate than last year, and unfortunately, accompanied by somewhat higher unemployment.

In these conditions we anticipate our retail sales will grow at a somewhat slower rate than last year. Our Wholesale operation should maintain its recent record of growing faster than the economy as a whole. Recent reductions in price levels have depressed the outlook for furs and we expect a reduction in profits from this source in 1975. Long-term prospects for the Canadian petroleum industry are dependent on government policies designed to encourage the development of additional petroleum reserves.

The prospects for an improvement in Markborough earnings are largely dependent on the demand for housing in metropolitan Toronto. Undoubtedly there is a real need for

housing in that area and the increasing availability of mortgage funds should have a positive effect on Markborough earnings.

In view of accelerating construction costs, high interest costs on long term borrowing, and the increasing shortage of prime sites, it is likely that the pace of shopping centre development in Canada will slacken in the short term, and that our own retail development program will also decelerate somewhat. Capital expenditure on merchandising and real estate activities is estimated to decrease by approximately 25% in 1975.

If the delicate balance of the Canadian economy can be maintained, and both runaway inflation and debilitating unemployment can be avoided, this year could be another satisfactory one for your Company.

On behalf of the Board
G. T. RICHARDSON
Governor

D. S. McGIVERIN
President

Corporate Information

HEAD OFFICE

Hudson's Bay House, 77 Main Street,
Winnipeg, Manitoba R3C 2R1

PRINCIPAL BANKERS

Canadian Imperial Bank of Commerce
Bank of Montreal

REGISTRARS AND TRANSFER AGENTS

The Royal Trust Company, Calgary, Montreal, Toronto,
Vancouver and Winnipeg
Williams & Glyn's Registrars Limited, London

STOCK EXCHANGE LISTINGS

London, Montreal, Toronto and Winnipeg

AUDITORS

Peat, Marwick, Mitchell & Co.

Principal Subsidiary Companies

(wholly-owned unless otherwise indicated)

INCORPORATED IN CANADA

HUDSON'S BAY COMPANY ACCEPTANCE LIMITED
Purchases accounts receivable

HUDSON'S BAY COMPANY DEVELOPMENTS LIMITED
Property owning company

HUDSON'S BAY COMPANY INVESTMENTS LIMITED
Investment holding company

HUDSON'S BAY COMPANY (OTTAWA) LIMITED
Property owning company

HUDSON'S BAY COMPANY PROPERTIES LIMITED
Property owning company

HUDSON'S BAY COMPANY PROPERTIES (QUEBEC) LIMITED
Property owning company

HUDSON'S BAY COMPANY (QUEBEC) LIMITED
Operating subsidiary in Quebec

MARKBOROUGH PROPERTIES LIMITED
Property development company
2,573,002 common shares (64.3%)

INCORPORATED IN THE UNITED STATES OF AMERICA

HUDSON'S BAY COMPANY, INC.
Wholesale distributors of HBC "Point" Blankets, whiskies and rums

HUDSON'S BAY COMPANY FUR SALES INCORPORATED
Fur brokers

INCORPORATED IN ENGLAND

HUDSON'S BAY AND ANNINGS LIMITED
Fur brokers
147,500 ordinary shares (59%)

BEAVER HOUSE LIMITED
Property owning company

Principal Equity Investments

CALBAX PROPERTIES LIMITED

Owes and operates shopping centre in Calgary, Alberta
1,000 common shares (25%)

THE GLENLIVET DISTILLERS LIMITED

Distillers and bottlers
261,000 ordinary shares (3.3%)

HUDSON'S BAY OIL AND GAS COMPANY LIMITED

Petroleum exploration and production
4,008,656 common shares (21.2%)

OWEN OWEN (CANADA) LIMITED

Owes The G. W. Robinson Company Limited, which
operates department stores in metropolitan Hamilton
108,178 common shares (27%)

SIEBENS OIL & GAS LTD.

Petroleum exploration and production
3,203,000 shares (34.9%)

SOUTHCENTRE SHOPPING CENTRE

Owes and operates shopping centre in Calgary, Alberta
Joint venture (80%)

SOUTHGATE SHOPPING CENTRE LIMITED

Owes and operates shopping centre in Edmonton, Alberta
800 common shares (40%)

WOODBINE-SHEPPARD SHOPPING CENTRE LIMITED

Owes and operates shopping centre in Toronto, Ontario
25 common shares (25%)

Board

Senior Management

GEORGE T. RICHARDSON

Winnipeg
President, James Richardson & Sons, Limited
Governor

A. J. MacINTOSH, Q.C.

Toronto
Partner, Blake, Cassels & Graydon
Deputy Governor

D. S. McGIVERIN

Toronto
President

H. W. SUTHERLAND

Winnipeg
Senior Vice President

R. E. SHEEN

Toronto
Vice President, Department Stores

P. W. WOOD

Toronto
Vice President, Finance

THE RT.HON. LORD COBBOLD, K.G., P.C., G.C.V.O.

London
Director, The British Petroleum Company Limited

G. R. HUNTER, M.B.E., Q.C.

Winnipeg
Partner, Pitblado & Hoskin

M. W. JACOMB

London
Director, Kleinwort, Benson Limited

Mrs. ANDRÉ LEMAN

Montreal
Travel Consultant

J. G. LINKS, O.B.E.

London
Director, Calman Links Limited

W. D. C. MACKENZIE

Calgary
President, W. D. C. Mackenzie Consultants Ltd.

A. M. McGAVIN

Vancouver
Chairman of the Board, McGavin Toastmaster Limited

J. H. MOORE

London, Ontario
President, Brascan Limited

J. BARTLETT MORGAN

Montreal
Chairman of the Board, The Morgan Trust Company

THE RT. HON. LORD TREND, P.C., G.C.B., C.V.O.

Oxford, England
Rector, Lincoln College

A. ADAMIC

General Manager, Western Region

D. G. BUCKLEY

General Manager, Montreal Region

G. A. BURROWS

General Manager, Wholesale Department

J. E. CHURCH

General Merchandise Manager, Department Stores

A. CLEVEN

Manager, Fur Sales Department, Montreal

P. L. DAVIES

Managing Director, Hudson's Bay and Annings Limited

C. E. DRURY

General Manager, Shop-Rite Catalogue Stores

C. W. EVANS

General Manager, Department Store Operations

A. A. GUGLIELMIN

General Manager, Toronto Region

L. J. HENRY

President, Hudson's Bay Company Fur Sales Incorporated

A. R. HUBAND

Secretary

G. J. KOSICH

General Manager, Calgary Region

M. H. MacKENZIE

Director of Personnel

J. G. W. McINTYRE

Vice President, Retail Development

A. R. MURRAY

General Manager, Central Region

D. H. PITTS

General Manager, Northern Stores Department

T. I. RONALD

Controller, Department Stores

G. H. ROSTON

General Manager, Ottawa Region

H. L. SPELLISCY

General Manager, Edmonton Region

W. F. THOMPSON

Senior Vice President, Hudson's Bay Wine & Spirits Ltd.

D. O. WOOD

Executive Assistant to the Senior Vice President

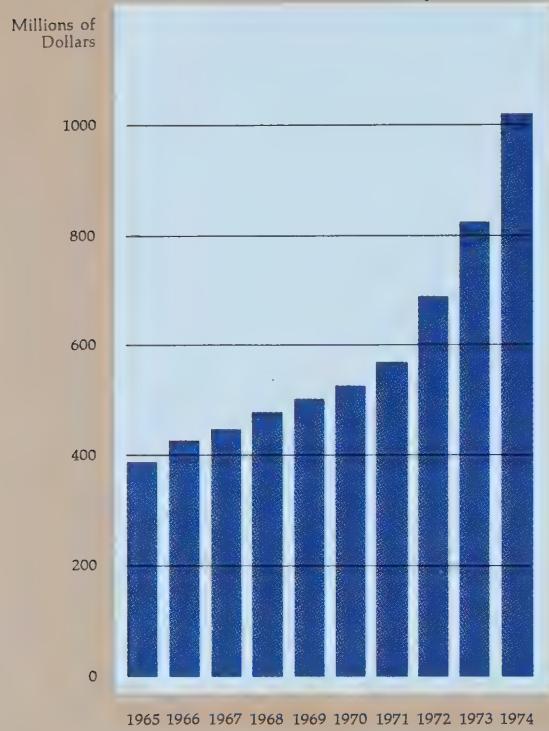


SCALE ONE INCH TO 215 MILES

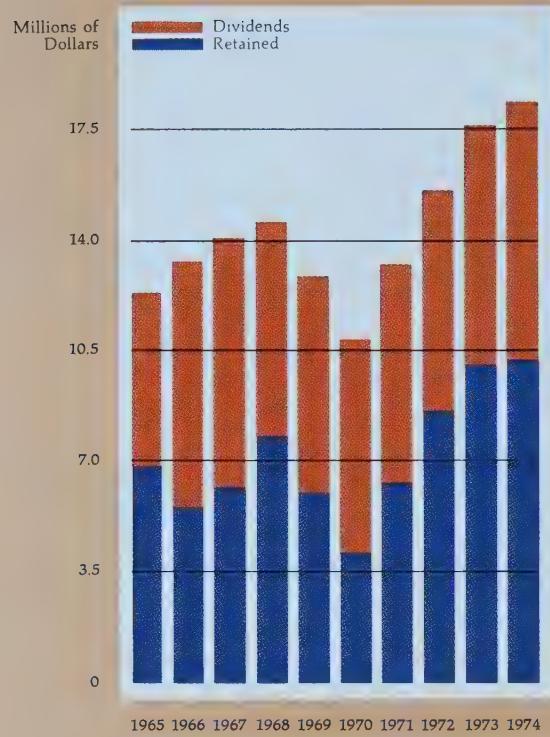
MILES 100 50 0 100 200 300 400 500 MILES



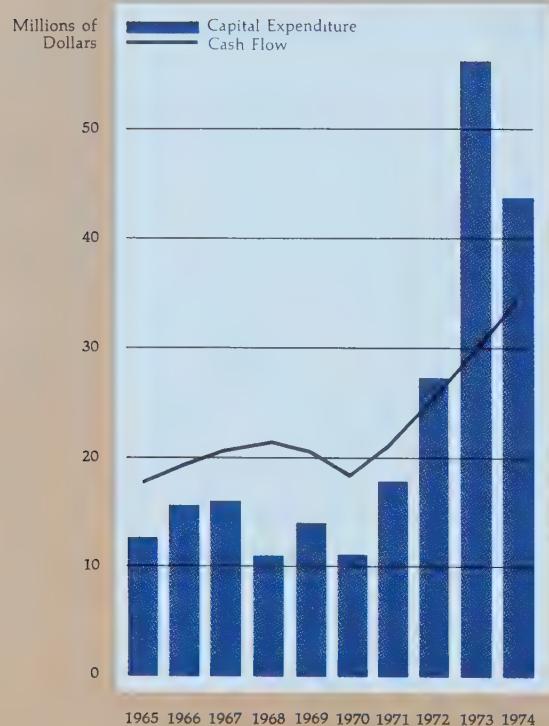
REVENUE



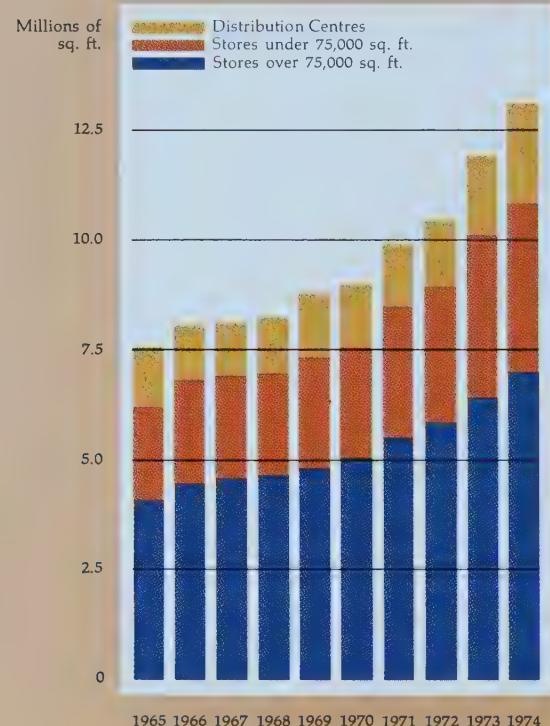
EARNINGS



CAPITAL EXPENDITURE AND CASH FLOW



RETAIL FACILITIES



HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
Year Ended January 31, 1975

	This Year	Last Year
	\$	\$
SALES AND REVENUE (Note 2)		
Merchandising		
Retail	780,854,000	641,063,000
Wholesale	190,875,000	153,456,000
Fur.....	<u>22,304,000</u>	<u>21,190,000</u>
Natural resources	994,033,000	815,709,000
Real estate	<u>6,308,000</u>	<u>5,853,000</u>
	<u>21,699,000</u>	<u>4,788,000</u>
	<u><u>1,022,040,000</u></u>	<u><u>826,350,000</u></u>
COSTS AND EXPENSES		
Merchandising (including depreciation of \$10,775,000; last year \$8,779,000)	951,198,000	779,025,000
Real estate (including depreciation of \$975,000; last year \$573,000)	10,446,000	2,527,000
Interest on long-term debt.....	20,142,000	11,784,000
Net short-term interest.....	<u>5,291,000</u>	<u>(254,000)</u>
EARNINGS BEFORE INCOME TAXES	987,077,000	793,082,000
INCOME TAXES (Note 2)	34,963,000	33,268,000
EARNINGS BEFORE MINORITY INTEREST	<u>15,514,000</u>	<u>15,158,000</u>
MINORITY INTEREST.....	19,449,000	18,110,000
NET EARNINGS	<u>1,029,000</u>	<u>446,000</u>
EARNINGS PER SHARE.....	<u><u>18,420,000</u></u>	<u><u>17,664,000</u></u>
	<u><u>\$1.33</u></u>	<u><u>\$1.29</u></u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS
Year Ended January 31, 1975

	This Year	Last Year
	\$	\$
RETAINED EARNINGS AT BEGINNING OF YEAR		
NET EARNINGS	170,445,000	160,442,000
DIVIDENDS PAID	<u>18,420,000</u>	<u>17,664,000</u>
RETAINED EARNINGS AT END OF YEAR	<u><u>(8,286,000)</u></u>	<u><u>(7,661,000)</u></u>
	<u><u>180,579,000</u></u>	<u><u>170,445,000</u></u>

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
January 31, 1975

	This Year \$	Last Year \$
CURRENT ASSETS		
Cash	5,214,000	4,675,000
Short-term securities at market value	8,443,000	13,012,000
Accounts receivable	187,364,000	156,164,000
Merchandise inventories	162,708,000	129,403,000
Prepaid expenses	<u>3,855,000</u>	<u>3,748,000</u>
	<u>367,584,000</u>	<u>307,002,000</u>
LAND FOR SALE AND FUTURE DEVELOPMENT	<u>76,359,000</u>	<u>49,182,000</u>
SECURED RECEIVABLES (Note 3)	<u>15,547,000</u>	<u>30,011,000</u>
INVESTMENTS (Note 4)		
Hudson's Bay Oil and Gas Company Limited	10,095,000	10,095,000
Siebens Oil & Gas Ltd.	7,668,000	6,210,000
Other	<u>7,206,000</u>	<u>4,456,000</u>
	<u>24,969,000</u>	<u>20,761,000</u>
FIXED ASSETS		
Land and buildings, at cost	256,180,000	234,794,000
Equipment and leasehold improvements, at cost	<u>103,269,000</u>	<u>85,041,000</u>
	<u>359,449,000</u>	<u>319,835,000</u>
Less accumulated depreciation	<u>99,923,000</u>	<u>91,781,000</u>
	<u>259,526,000</u>	<u>228,054,000</u>
DEFERRED CHARGES		
Unamortized debenture discount and expense.....	4,149,000	3,451,000
Other	<u>827,000</u>	<u>425,000</u>
	<u>4,976,000</u>	<u>3,876,000</u>
GOODWILL	<u>22,217,000</u>	<u>22,063,000</u>
	<u>771,178,000</u>	<u>660,949,000</u>

On behalf of the Board:

George T. Richardson
 Director

Director

James J. Dunn
 Director

	This Year \$	Last Year \$
CURRENT LIABILITIES		
Bank indebtedness	41,462,000	35,125,000
Notes payable	30,020,000	24,682,000
Accounts payable and accrued expenses	90,781,000	77,218,000
Income taxes payable	774,000	4,345,000
Long-term debt due within one year	<u>4,618,000</u>	<u>4,365,000</u>
	<u>167,655,000</u>	<u>145,735,000</u>
LONG-TERM DEBT (Note 6)		
Mortgages	60,163,000	51,476,000
Bonds, notes and debentures.....	<u>275,797,000</u>	<u>212,720,000</u>
	<u>335,960,000</u>	<u>264,196,000</u>
PENSIONS (Note 5)	<u>3,202,000</u>	<u>3,456,000</u>
DEFERRED INCOME TAXES	<u>25,793,000</u>	<u>21,093,000</u>
MINORITY INTEREST IN SUBSIDIARIES	<u>16,618,000</u>	<u>16,180,000</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)		
Ordinary shares without par value		
Authorized 20,000,000 shares		
Issued 13,936,498 shares		
(last year 13,809,268 shares)	41,371,000	39,844,000
Retained earnings	<u>180,579,000</u>	<u>170,445,000</u>
	<u>221,950,000</u>	<u>210,289,000</u>
	<u>771,178,000</u>	<u>660,949,000</u>

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF ASSETS EMPLOYED
January 31, 1975

	This Year \$	Last Year \$
MERCHANDISING		
Merchandise inventories	162,708,000	129,403,000
Accounts receivable	176,826,000	154,436,000
Accounts payable	(86,135,000)	(72,958,000)
Other current assets, net	13,200,000	3,141,000
Working capital, net (see below).....	<u>266,599,000</u>	<u>214,022,000</u>
Fixed assets	189,193,000	165,494,000
Investments	4,163,000	3,081,000
Other assets	8,516,000	8,287,000
Pensions	(3,202,000)	(3,456,000)
Deferred income taxes	<u>(14,068,000)</u>	<u>(8,515,000)</u>
	<u>451,201,000</u>	<u>378,913,000</u>
NATURAL RESOURCES		
Hudson's Bay Oil and Gas Company Limited	10,095,000	10,095,000
Siebens Oil & Gas Ltd.	<u>7,668,000</u>	<u>6,210,000</u>
	<u>17,763,000</u>	<u>16,305,000</u>
REAL ESTATE		
Working capital, net (see below).....	988,000	(1,595,000)
Land for sale and future development	76,359,000	49,182,000
Fixed assets	70,333,000	62,560,000
Investments	3,043,000	1,375,000
Secured receivables	12,007,000	25,600,000
Goodwill	22,217,000	22,063,000
Deferred income taxes	<u>(11,725,000)</u>	<u>(12,578,000)</u>
	<u>173,222,000</u>	<u>146,607,000</u>
ASSETS EMPLOYED	<u>642,186,000</u>	<u>541,825,000</u>
PROVIDED FROM:		
Long-term debt	335,960,000	264,196,000
Short-term borrowings, net (see below)	<u>67,658,000</u>	<u>51,160,000</u>
	<u>403,618,000</u>	<u>315,356,000</u>
Minority interest in subsidiaries.....	16,618,000	16,180,000
Shareholders' equity		
Capital stock	41,371,000	39,844,000
Retained earnings	<u>180,579,000</u>	<u>170,445,000</u>
	<u>221,950,000</u>	<u>210,289,000</u>
	<u>642,186,000</u>	<u>541,825,000</u>

Working capital is shown before deduction of short-term borrowings, net which comprises bank borrowings, short-term notes payable and current portion of long-term debt, less short-term securities.

HUDSON'S BAY COMPANY & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Year Ended January 31, 1975

	This Year \$	Last Year \$
SOURCE OF FUNDS		
Earnings before minority interest	19,449,000	18,110,000
Items not affecting working capital		
Equity in earnings of affiliates	(2,473,000)	(1,175,000)
Depreciation and amortization	12,599,000	9,589,000
Deferred income taxes	4,700,000	3,309,000
Provided from operations	34,275,000	29,833,000
Long-term debt	79,960,000	125,512,000
Decrease in secured receivables	14,464,000	(4,411,000)
Issue of shares	1,527,000	4,605,000
	<u>130,226,000</u>	<u>155,539,000</u>
 USE OF FUNDS		
Capital expenditures — merchandising	35,190,000	36,381,000
Capital expenditures — real estate	8,475,000	20,526,000
Land for sale and future development	27,188,000	—
Repayment of long-term debt	8,196,000	3,795,000
Dividends.....	8,286,000	7,661,000
Deferred charges.....	1,495,000	3,091,000
Investment in Siebens Oil & Gas Ltd.	—	5,447,000
Acquisition of Markborough Properties Limited	—	48,869,000
Other investments	1,734,000	441,000
Other — net	1,000,000	933,000
	<u>91,564,000</u>	<u>127,144,000</u>
 INCREASE IN WORKING CAPITAL	38,662,000	28,395,000
WORKING CAPITAL ACQUIRED		
(Markborough Properties Limited).....	—	(1,767,000)
WORKING CAPITAL AT BEGINNING OF YEAR	<u>161,267,000</u>	<u>134,639,000</u>
WORKING CAPITAL AT END OF YEAR	<u>199,929,000</u>	<u>161,267,000</u>
 CHANGES IN COMPONENTS OF WORKING CAPITAL		
Short-term borrowings, net	(16,498,000)	(10,310,000)
Accounts receivable	31,200,000	16,369,000
Merchandise inventories	33,305,000	25,987,000
Other	(9,345,000)	(3,651,000)
	<u>38,662,000</u>	<u>28,395,000</u>

HUDSON'S BAY COMPANY & SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
Year Ended January 31, 1975

1. ACCOUNTING POLICIES

- a) The consolidated financial statements include the accounts of Hudson's Bay Company and all its subsidiary companies.
- b) Under the equity accounting principle the Company reflects in earnings its equity in the income of affiliates and joint ventures in which the Company has either effective control or significant influence over operating and financial policies. The investments in these affiliates and joint ventures are recorded at cost plus undistributed earnings since acquisition or formation. In accordance with recognized real estate industry practise the share of assets, liabilities, revenues and expenses of joint ventures of Markborough Properties Limited, a subsidiary company, are included in the consolidated financial statements on a line by line basis. Investments in other companies are accounted for at cost and dividends are reflected in earnings when received.
- c) The accounts of the U.S. and U.K. subsidiaries are converted into Canadian dollars at approximately the exchange rates prevailing at balance sheet dates.
- d) In accordance with recognized industry practices, merchandise accounts receivable include customer installment accounts of which a portion will not become due within one year.
- e) Merchandise inventories are valued at the lower of cost and net realizable value.
- f) Interest and real estate taxes are capitalized to the extent that they relate to properties which are either held for sale or development or are under construction.
- g) Buildings (other than income properties), equipment and leasehold improvements are depreciated, using the straight-line method, at rates which will fully depreciate the assets over their estimated useful lives. The depreciation rates applicable to the various classes of assets are as follows:

Buildings	2- 5%
Leasehold improvements	3-10%
Equipment	7-15%
Transport	12-20%

Buildings held for the purpose of producing rental income are depreciated on a 3% 40-year sinking fund basis. Under this method the depreciation charged against earnings is an amount which increases annually and comprises a predetermined fixed sum and 3% compound interest which together will fully depreciate each building over a 40-year period.

- h) Goodwill is the excess of cost over the fair value of net tangible assets on the purchase of the controlling interest in Markborough Properties Limited in 1973.
- i) Deferred debenture discount and expense are amortized over the terms of the issues to which they relate. The amortization is included with interest on long-term debt in the consolidated statement of earnings.
- j) Certain of the comparative figures have been reclassified to make them conform with the presentation adopted for the current year's consolidated financial statements.
- k) Earnings per share calculations are based on the weighted average number of shares outstanding during the year.

2. INVESTMENT INCOME

Revenue includes the following investment income:

	This Year	Last Year
	\$	\$
Equity in the pretax income of companies and joint ventures accounted for under the equity accounting principle.....	4,579,000	1,998,000
Dividends received from other companies	<u>3,899,000</u>	<u>3,095,000</u>
	<u>8,478,000</u>	<u>5,093,000</u>

Income taxes attributable to the equity in the pretax income shown above amounting to \$2,106,000 (last year \$823,000) are included within the consolidated income tax charge.

3. SECURED RECEIVABLES

a) Secured receivables include mortgages which arise principally from land transaction and loans outstanding under the employee stock purchase plan. They bear interest at an average rate of 7.7%.

b) Secured receivables mature as follows:

Year ending January 31,	\$
1976	9,506,000
1977	7,195,000
1978	1,808,000
1979	2,174,000
1980	949,000
Subsequent to January 31, 1980	<u>3,421,000</u>
	25,053,000
Less amount due within one year classified as accounts receivable	<u>9,506,000</u>
	<u><u>15,547,000</u></u>

Under certain conditions, the amounts due may be paid prior to maturity.

4. INVESTMENTS

a) Hudson's Bay Oil and Gas Company Limited

The investment in Hudson's Bay Oil and Gas Company Limited representing 4,008,656 common shares (21.2%) of the total issued common shares of that company, is carried at cost — \$10,095,000 (\$2.52 per share). The market quotation at January 31, 1975 on the Toronto Stock Exchange was \$25 per share. The underlying book value of this investment as shown by the audited financial statements of Hudson's Bay Oil and Gas Company Limited at December 31, 1974 was \$50,144,000. Earnings of Hudson's Bay Oil and Gas Company Limited are included in earnings only to the extent that dividends are received. Continental Oil Company owns 53.1% of the common shares.

The Company has deposited with The Royal Trust Company 2,083,334 common shares of Hudson's Bay Oil and Gas Company Limited to provide, under the terms of the Trust Deed, for the exchange of \$100,000,000 of subordinated debentures of the Company exchangeable for common shares of Hudson's Bay Oil and Gas Company Limited.

b) Siebens Oil & Gas Ltd.

The investment in Siebens Oil & Gas Ltd. accounted for under the equity accounting principle is 3,202,000 shares, representing 34.9% of the total issued common shares of that company. The market quotation at January 31, 1975 on the Toronto Stock Exchange was \$8.13 per share.

c) Other

Other investments include the following affiliates and joint ventures accounted for under the equity accounting principle:

	Equity Interest
Owen Owen (Canada) Limited	27%
Woodbine-Sheppard Shopping Centre Limited, Toronto	25%
Calbax Properties Ltd., Calgary	25%
Southgate Shopping Centre Limited, Edmonton	40%
Southcentre Shopping Centre, Calgary, (joint venture)	80%
Place Vertu Shopping Centre, Montreal, (joint venture)	25%
Unicity Shopping Centre, Winnipeg, (joint venture)	30%

5. PENSIONS

The unfunded obligations for pensions earned by past service under pension plans is estimated at \$3,202,000 net of related deferred income taxes. It is anticipated that payments to pensioners and funding payments will satisfy this obligation by 1985.

6. LONG-TERM DEBT

	This Year	Last Year
	\$	\$
Secured on Property		
Hudson's Bay Company Properties Limited		
5½% first mortgage bonds series A due 1990	12,485,000	12,485,000
7½% first mortgage bonds series B due 1991	8,750,000	8,850,000
11½% first mortgage bonds series C due 1995	<u>35,000,000</u>	—
Hudson's Bay Company Developments Limited		
Mortgages 8% average repayable by installments to 1988	4,322,000	4,541,000
Hudson's Bay Company (Ottawa) Limited		
4¾% sinking fund bonds series A due 1975	111,000	213,000
Markborough Properties Limited		
8½% sinking fund debentures due 1986	10,000,000	10,000,000
Mortgages and obligations on land for future development 7.9% average repayable by installments to 1991	27,964,000	18,449,000
Mortgages on income properties 7.9% average repayable by installments to 2004	<u>31,509,000</u>	<u>30,475,000</u>
	<u>130,141,000</u>	<u>85,013,000</u>
Secured on Accounts Receivable		
Hudson's Bay Company Acceptance Limited		
6% debentures series A due 1980	10,000,000	10,000,000
5¾% debentures series B due 1983	10,000,000	10,000,000
9½% debentures series C due 1989	20,000,000	20,000,000
8¾% debentures series D due 1991	20,000,000	20,000,000
8¼% debentures series E due 1993	<u>20,000,000</u>	<u>20,000,000</u>
	<u>80,000,000</u>	<u>80,000,000</u>
Unsecured		
Hudson's Bay Company		
8½% series A notes due 1974	—	1,700,000
9¼% series B notes due 1974	—	600,000
9¾% series C notes due 1979	<u>30,000,000</u>	—
Hudson's Bay Company (Quebec) Limited		
4¾% debentures due 1976	437,000	437,000
Hudson's Bay Company (Ottawa) Limited		
6½% sinking fund debentures series A due 1981	<u>—</u>	<u>811,000</u>
	<u>30,437,000</u>	<u>3,548,000</u>
Subordinated		
Hudson's Bay Company		
6% exchangeable debentures due 1993, sinking fund commencing 1984	<u>100,000,000</u>	<u>100,000,000</u>
	<u>340,578,000</u>	<u>268,561,000</u>
Bonds and debentures due within one year	<u>(986,000)</u>	<u>(2,376,000)</u>
Mortgage principal due within one year	<u>(3,632,000)</u>	<u>(1,989,000)</u>
	<u>335,960,000</u>	<u>264,196,000</u>
Maturities and sinking fund requirements during the next five years are as follows:		
1975—\$4,618,000	1976—\$ 3,517,000	1977—\$6,385,000
1978—\$6,960,000	1979—\$37,338,000	

At a meeting of the holders of the Hudson's Bay Company Acceptance Limited series C debentures held on February 17, 1975 the rate of interest on the series C debentures was increased to 9¾% effective from March 2, 1975 and the holders acquired a right to be prepaid in 1980.

The holders of Hudson's Bay Company 6% exchangeable subordinated debentures have the right to exchange debentures for outstanding common shares of Hudson's Bay Oil and Gas Company Limited at an exchange price of \$48 per share at any time prior to maturity.

7. CAPITAL STOCK

	Number of Common Shares	\$
Issued and outstanding February 1, 1974	13,809,268	39,844,000
Issued under stock purchase plan	<u>127,230</u>	<u>1,527,000</u>
Issued and outstanding January 31, 1975	<u>13,936,498</u>	<u>41,371,000</u>

8. DIRECTORS AND OFFICERS

Aggregate remuneration of 17 directors, one of whom retired, in their capacity as directors, was \$93,000. Aggregate remuneration of nine officers, one of whom retired, in their capacity as officers, was \$665,000. Six of the officers were also directors.

Loans due from officers of the Company at January 31, 1975 amounted to \$447,000 (last year \$267,000).

9. COMMITMENTS

Minimum annual rentals under major property leases amount to approximately \$9,100,000 for which the average term is 23 years.

The Company has commitments, along with others, relating to its investments in certain shopping centre companies and joint ventures. These are:

- a) A commitment to meet certain obligations of two shopping centre companies in the event of their default in payment of long-term mortgage bonds secured by the assets of these two companies.
- b) The guarantee, severally, of bank loans representing interim financing of the construction cost of two shopping centre joint ventures.
- c) Markborough Properties Limited is contingently liable for obligations of its co-owners in unincorporated joint ventures.

In the event that the Company or Markborough Properties Limited had to meet any of these commitments they would have a claim on the assets of the applicable development. The book value of the assets of each development exceeds the related contingent commitment.

Under an agreement to purchase additional convertible preferred shares of Owen Owen (Canada) Limited, \$1,175,000 was expended February 1, 1975 and a further \$1,362,000 will be due in 1978. After the purchase of these preferred shares and on their conversion to common shares, the Company's interest in Owen Owen (Canada) Limited will be increased to 49.9%.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet and the statement of assets employed of Hudson's Bay Company and subsidiaries as of January 31, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. For Hudson's Bay Company and for those subsidiaries of which we are the auditors and which are consolidated in these financial statements, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For Markborough Properties Limited which is consolidated and for investments in companies accounted for by the equity method in these financial statements, we have relied on the reports of the auditors who have examined the financial statements of these companies for their respective latest fiscal years, and have obtained such other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of Hudson's Bay Company and subsidiaries as of January 31, 1975 and the results of their operations and the change in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Canada
March 7, 1975

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Ten Year Financial Summary

	1974	1973	1972	1971
RESULTS FOR YEAR (\$000's)				
Sales and revenue				
Retail	780,854	641,063	538,989	440,685
Wholesale	190,875	153,456	126,414	111,612
Fur	22,304	21,190	15,475	13,565
Merchandising	994,033	815,709	680,878	565,862
Natural resources	6,308	5,853	5,485	4,927
Real estate	21,699	4,788	862	—
	1,022,040	826,350	687,225	570,789
Fur consignment sales	175,661	167,250	131,666	109,238
Source of earnings				
Retail	32,308	27,666	23,738	19,225
Wholesale	5,808	4,051	3,316	3,137
Fur	4,719	4,968	2,993	2,541
Merchandising	42,835	36,685	30,047	24,903
Natural resources	6,308	5,853	5,485	4,927
Real estate	11,253	2,261	715	—
Interest on long-term debt	(20,142)	(11,784)	(7,464)	(6,907)
Short-term interest	(5,291)	254	(1,404)	188
Earnings before taxes	34,963	33,268	27,379	23,111
Income taxes	15,514	15,158	11,725	9,798
Earnings before minority interest	19,449	18,110	15,654	13,313
Minority interest	1,029	446	—	—
Net earnings	18,420	17,664	15,654	13,313
Dividends	8,286	7,661	7,048	7,048
Earnings retained	10,134	10,003	8,606	6,265
Cash flow	34,275	29,833	25,507	21,277
Capital expenditures	43,665	56,907	27,282	17,849
Depreciation	11,750	9,352	7,607	6,342
YEAR END FINANCIAL POSITION (\$000's)				
Merchandising	451,201	378,913	308,929	272,711
Natural resources	17,763	16,305	10,095	10,095
Real estate	173,222	146,607	7,630	5,127
Assets employed	642,186	541,825	326,654	287,933
Debt	403,618	315,356	130,219	100,478
Minority interest	16,618	16,180	754	380
Shareholders' equity	221,950	210,289	195,681	187,075
PER SHARE RESULTS (Dollars)				
Net earnings	1.33	1.29	1.16	.98
Dividends	.60	.56	.52	.52
Shareholders' equity	15.93	15.23	14.44	13.80
Including equity in undistributed earnings of HBOG				
Net earnings	1.94	1.67	1.39	1.17
Shareholders' equity	18.81	17.51	16.38	15.13
SHAREHOLDERS AND EMPLOYEES				
Number of shareholders	24,036	24,474	24,880	25,558
Shares outstanding (000's)	13,936	13,809	13,553	13,553
Range in share price (Dollars)	20-9 $\frac{3}{4}$	22 $\frac{3}{4}$ -15	21 $\frac{1}{2}$ -16 $\frac{1}{2}$	20-14 $\frac{1}{2}$
Number of employees	20,000	18,000	17,000	16,000

Note: Where appropriate, figures have been restated and non-recurring items have been excluded for the purpose of comparability.

1970	1969	1968	1967	1966	1965
406,096	393,556	377,732	355,417	339,962	312,357
102,788	91,312	84,043	78,735	71,079	63,395
10,172	12,787	13,887	11,166	14,286	13,584
519,056	497,655	475,662	445,318	425,327	389,336
4,410	4,193	4,232	4,185	3,628	3,430
—	—	—	—	—	—
523,466	501,848	479,894	449,503	428,955	392,766
81,723	92,258	110,214	90,803	108,792	109,146
17,929	20,319	21,666	20,989	19,971	18,111
2,668	2,361	2,650	2,482	2,217	1,526
328	1,033	2,184	936	1,736	2,052
20,925	23,713	26,500	24,407	23,924	21,689
4,410	4,193	4,232	4,185	3,628	3,430
—	—	—	—	—	—
(5,525)	(3,503)	(2,873)	(2,158)	(2,106)	(1,842)
(109)	(614)	(424)	(840)	(342)	(120)
19,701	23,789	27,435	25,594	25,104	23,157
8,729	10,832	12,732	11,486	11,640	10,848
10,972	12,957	14,703	14,108	13,464	12,309
—	—	—	—	—	—
10,972	12,957	14,703	14,108	13,464	12,309
6,828	6,980	6,872	7,929	7,929	5,352
4,144	5,977	7,831	6,179	5,535	6,957
18,207	20,419	21,574	20,527	19,077	17,571
11,124	14,039	10,995	15,814	15,549	12,912
5,963	6,966	6,198	5,907	5,613	5,166
246,665	235,013	200,430	191,819	184,807	164,104
10,095	10,095	10,095	10,095	10,095	10,095
2,069	1,635	1,645	1,520	715	620
258,829	246,743	212,170	203,434	195,617	174,819
78,696	69,871	41,613	41,978	41,318	28,413
—	—	—	—	—	—
180,133	176,872	170,557	161,456	154,299	146,406
.81	.96	1.08	1.04	.99	.91
.50	.51	.51	.59	.59	.39
13.29	13.05	12.58	11.91	11.38	10.80
.96	1.09	1.19	1.12	1.06	.95
14.43	14.04	13.44	12.66	12.09	11.44
28,945	32,142	31,066	30,201	30,959	29,538
13,553	13,553	13,553	13,553	13,553	13,553
22-11½	25¼-17	27¼-19¾	22¾-15¾	17-14½	16¼-12¾
15,000	15,000	15,000	14,000	14,000	14,000

The Company - A Brief Description



THE COMPANY TODAY

Merchandising . . . More than 250 stores, ranging from Newfoundland to the Yukon and from the Arctic Islands to the United States border, serve the diversified needs of Canadians. The Bay is strongly represented in ten of Canada's important cities and is the leading retailer throughout the Canadian North. Shop-Rite Catalogue stores are located in Southwestern Ontario. The Wholesale Department distributes giftwares, confectionery and tobacco products through a network of branches located from coast to coast. The Company's famous blankets and spirits are sold throughout Canada and the United States.

The Company maintains its traditional interest in fur with auction houses in Montreal, New York and London.

Natural Resources . . . The Company's natural resource interests consist of equity investments in two Canadian petroleum companies. HUDSON'S BAY OIL AND GAS COMPANY LIMITED, 21.2% owned, was formed in the 1920's as a joint venture between HBC and Continental Oil Company, and is today one of Canada's leading exploration and production companies. Most of its current production of oil and natural gas is from the province of Alberta. Exploration rights are owned in

Western Canada, the Arctic Islands and the Atlantic Coast, and arrangements have recently been completed for exploration activities outside Canada. SIEBENS OIL & GAS LTD., 34.9% owned, is a Canadian company whose emphasis at this stage of its development is on exploration. Siebens holds exploration rights in many areas of the world including Western Canada, the Arctic Islands, the Atlantic Coast, the North Sea and South Viet Nam. Most of its current production is from royalty rights acquired in 1973 from HBC.

Real Estate . . . The Company's real estate interests consist principally of whole or partial ownership of shopping centres in Canadian cities, ownership of Beaver House Limited in London, England, and of a 64.3% interest in MARKBOROUGH PROPERTIES LIMITED. Markborough is a Canadian property development company with substantial holdings of residential, commercial and industrial properties located principally in the Toronto area.

Personnel . . . In its various activities, the Company employs approximately 20,000 people.

HISTORY

Incorporation . . . King Charles II granted to 18 Adventurers a Charter incorporating them as The Governor and Company of Adventurers of

England Trading into Hudson's Bay on May 2, 1670. This followed the successful voyage of the ketch "Non-such," with Des Groseilliers aboard, to Hudson Bay to trade for furs.

In 1970, three hundred years after its incorporation, the Company was continued as a Canadian Corporation and the headquarters were transferred from the United Kingdom to Canada.

Competition . . . During the first century of the Company's existence the men on the Bay established forts, traded with the Indians and were involved in wars with the French.

As competition from the Montreal-based North West Company increased in the 1770's, the Company moved into the interior and gradually built a network of routes and forts spread out over the north and west. The two rival companies amalgamated under the Hudson's Bay Company name in 1821.

Deed of Surrender . . . In 1870, by Deed of Surrender, the Company's chartered territory was formally transferred to the Government of Canada in return for farm lands in the Prairie Provinces which were sold to settlers during the next 85 years.

Following the Deed of Surrender the Company turned its attention to the retail trade which is now its most important activity.



THE NONSUCH—The replica of the Company's first ship completed her five-year sailing career in 1972 and is now the feature of a spectacular period exhibit in the Manitoba Museum of Man and Nature in Winnipeg

this is
the Bay...
at
Bloor
& Yonge

1. *Si* *Si*
2. *Si* *Si*
3. *Si* *Si*
4. *Si* *Si*
5. *Si* *Si*
6. *Si* *Si*
7. *Si* *Si*
8. *Si* *Si*

(b) (c) (4), (b)(1)

Bloom & Yonge Ltd.

July, 1974.

Biography

Al. A. Guglielmin General Manager Toronto Metropolitan District

Born in Trail, B.C., Al A. Guglielmin graduated from the University of British Columbia with a B.A. in 1954. That same year Mr. Guglielmin joined The Bay, in Vancouver, and held various positions until being appointed a Department Manager in 1957.

In 1962, Mr. Guglielmin was transferred to The Bay's Winnipeg store as Assistant Divisional Merchandise Manager. Later that year, he moved to Head Office to work on a special project for the company's Central Division.

Mr. Guglielmin was appointed Divisional Merchandise Manager of Fashion Accessories in Montreal in 1963. Five years later he was promoted to General Merchandise Manager, Soft Goods Division. In 1970 he became General Merchandise Manager for all merchandise divisions in both Montreal and Toronto.

Two years later, in 1972, Mr. Guglielmin moved to the position of Assistant to the General Manager, Planning and Development, Eastern Region. He was appointed General Manager, Toronto Metropolitan District in February, 1973 and helped to develop the new store's merchandising and retailing policies, with special emphasis on developing involved, knowledgeable and concerned staff to serve the needs of the Toronto customer.

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For further information contact:
Judy Knight (416) 964-5712 or
Lynda Friendly (416) 485-7693.

July, 1974

General News Release Hudson's Bay Company

When the "new" Bay at Bloor and Yonge opens its doors on August 7, exciting and innovative concepts in department store retail merchandising will begin.

It will be the first major department store to appear in the mid-town area in 50 years and combines 304 years of retailing experience and tradition with ultra-modern merchandising concepts.

According to Al Guglielmin, General Manager for The Bay's Toronto Metropolitan District, the 260,000 square foot store (five floors plus a concourse level)—will be the 'flagship' of The Bay's chain of over 250 retail stores.

Located at the crossroads of the subway system, the central location is easily accessible from all parts of Toronto. Already a steady flow of shoppers, office workers and residential pedestrian traffic pass through this intersection daily.

Designed by the Company's own design office in conjunction with the renowned New York design firm, Lowey Snaith, the store . . . "will have numerous, unique settings and lifestyle environments within a larger store . . . each department will have its own special look and feel," said Store Design Manager, Mike Walters.

History in Toronto

"The Bay entered the Toronto area only 14 years ago when we purchased the Henry Morgan & Co., Limited," stated Mr. Al Guglielmin, "The purchase gave us a good start in the Toronto area because Morgan's had three stores already in operation. The Morgan store located just a block away from our new location lacked the space for the type of department store we were planning. We spent many years looking for a good location in the core area. I know we've found it at Bloor and Yonge. After all, how can you beat being directly overhead the main subway station in town".

Some store highlights are:—

Fashion

A whole new concept of merchandising has been introduced using three separate and distinct areas for women's fashions.

The Bay has identified three lifestyles and adapted them into unique areas for the 'Junior', 'Contemporary' and 'Establishment' woman.

Lines such as Albert Nipon, Von Furstenberg, Mary Farrin, Frank Usher, Gino Paoli, Clovis-Ruffin, etc., are just a few from which the fashion shopper may choose. African fashions "Cannovations" and designer gowns from Europe and the U.S. include Jean Varron, Jean Allen, plus many more items from around the globe.

Specialty Fashion Shops

The only Weatherall Shop in Toronto, a Jaeger Shop, one of the finest fur salons in Canada and an exceptional Lingerie/Loungewear department makes this Bay unlike any other department store in Canada.

Furs

The Bay's association with the fur industry for over 300 years is known and respected throughout the world and this tradition can be seen in a fur salon, which is possibly one of the finest in the country.

Fashion Accessories

Because inflation has increased the cost of clothing, accessories play a much more important role in dressing and the Bay's accessory departments have taken this into consideration. Quality Canadian, American and Scandinavian costume jewellery and accessories will be featured along with scarves, gloves, and purses in a large well appointed area. Pierre Cardin accessories will be sold along with Scandinavian sterling and sterling plated jewellery.

Men's and Children's Departments

Men's clothing has also been displayed according to lifestyle and setting.

The Bay is the only Canadian department store to carry the Yves Saint Laurent line for men. Custom-made shirts and suits may be ordered in the Hudson Room where fine quality men's clothing is carried.

Vibrations and Carrousel features jeans and fashions such as Lee and Levi with a unisex approach.

A Grandmother Boutique features imports and handicrafts for gift-giving grannies.

The Records Department has the first "listening bar" in Toronto which permits the customers to don headphones and listen to records of their choice.

The Seal of Quality Shop features the finest Hudson's Bay coats, blankets, throws, etc.

Sports Department

The difference in this Sports shop is that you can find the appropriate clothing to dress well for just about any sporting activity. The clothing includes Canadian and imported sports-wear from Europe, U.S. and the Orient.

A great variety of sporting goods, including Howie Meeker Skates (exclusive to the Bay) will be stocked.

Home Decorating

The largest Thomas China Shop in North America featuring modern china is located at the Bay.

The Furniture Gallery contains 17,000 square feet of real lifestyle settings. Lamps, furniture, pictures, wall coverings, etc. are displayed in decorative groupings, rather than the traditional departmentalization of furnishings including the Early Canadian Shop which features a collection of authentic pine-crafted reproductions, exclusively found at the Bay.

The Canadiana Shop contains native Canadian handicrafts from artwork to jewellery; jams to jellies individually selected etc.

Food Services

The store will contain three restaurants: The Edibles, a 300-seat buffet-style operation will offer wholesome staples such as roast beef and Yorkshire pudding, English-style fish and chips, etc. An 80-seat specialty restaurant, called The Carving Board will offer hearty hot meat 'bunwiches' and a 120-seat self-service dining area, La Soupiere, will specialize in distinctive home-made soups and cold 'bunwiches'.

Exhibition Hall

The Bay has set aside 2,000 square feet of space for exhibitions, displays, shows and special events.

The Housewares Department will feature three permanent demonstration areas, including a fully equipped kitchen.

The Customer Services Include:

The Bridal Shop offers the most up-to-date bridal fashions for the wedding party, including a personalized assistance service from a trained consultant and a complete bridal registry service.

The consultant will assist in wedding preparations, meals and schedules and advise on proper etiquette and there is no charge for this service.

Interior decorating; travel; photo studio; post office; watch repair; fur storage and repair; beauty salon; a "Trimmer's Shop," Edith Serei Beauty Care Centre, plus a stamp and coin shop.

"The new "Bay" is not a traditional department store but an exciting, contemporary, fashion-oriented store attuned to trends and seasonal changes, where customers will have confidence in the store's fashion statements. Even the display windows will change more frequently. Demonstrations and displays of special interest will become a way of life at the "new" Bay," said Robert Herber, General Merchandise Manager.

The Bay brings its tradition, dependability and reputation to Bloor and Yonge on August 7, in a store that also reflects the very best in today's fashion merchandising, store design, services and lifestyle settings.

For further information contact:

Judy Knight (416) 964-5712 or
Lynda Friendly (416) 485-7693

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Bloor & Yonge

July, 1974

The Bay in Toronto: Fourteen Years Young

Although the history of The Bay in Canada stretches back 304 years—it now has over 250 retail stores located throughout the country—the doors to its first retail outlets in Toronto opened only 14 years ago.

The purchase of the Henry Morgan & Co., Limited by The Bay, in 1960, enabled the Company to begin its operations in the City of Toronto with three well established locations. The staff, at this time, comprised some 300 people. Since then, and including the new Bay store at Bloor and Yonge, the Company has established another six stores bringing the total throughout the City to eight and the number of employees will reach the 2,000 mark by September. The former Morgan Store on Bloor Street was phased out of operation in 1969.

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Lynda Friendly (416) 485-7693

July, 1974.

The Bay—a Brief Description

King Charles II granted to 18 adventurers a Charter incorporating them as The Governor and Company of Adventurers of England trading into Hudson's Bay on 2nd May, 1670. This followed the successful voyage of the ketch "Nonsuch" with Des Groseilliers aboard, to Hudson Bay to trade for furs.

In 1970, three hundred years after its incorporation, the Company became a Canadian Corporation when the headquarters were transferred from the United Kingdom to Canada.

Competition

During the first century of the Company's existence the men on the Bay established forts and traded with the Indians.

As competition from the Montreal-based North West Company increased in the 1770's, the Company moved into the interior and gradually built a network of routes and forts spread out over the north and west. The two rival companies amalgamated under the Hudson's Bay company name in 1821.

Deed of Surrender

In 1870, by Deed of Surrender, the Company's chartered territory was formally transferred to the Government of Canada in exchange for lands in the Prairie Provinces which were sold to settlers during the next 85 years.

Following the Deed of Surrender the Company turned its attention to the retail trade which is now its most important activity.

The Company Today

More than 250 Bay Stores ranging from Newfoundland to the Yukon and from the Arctic Islands to the United States border, serve the diversified needs of Canadians. The Bay is strongly represented in ten of Canada's important cities and is the leading retailer throughout the Canadian North.

The Company maintains its traditional interest in fur with auction houses in Montreal, New York and London. The company also has interests in natural resources and real estate through its equity positions in Siebens Oil & Gas Limited and Markborough Properties Limited.

July, 1974.

Biography

**Robert W. Herber
General Merchandise Manager
Toronto Metropolitan District**

Robert W. Herber was born in London, England, received his early education in New York, U.S.A., then moved to South Africa where he attended the University of Witwatersrand, Johannesburg.

Mr. Herber's career in merchandising began in 1949 when he joined Gretermans Stores Limited, a very large retail organization operating throughout South Africa and Rhodesia.

Over the next 15 years, Mr. Herber graduated through virtually all facets of retailing but primarily the emphasis was in men's and women's fashion: from trainee to Department Manager; from Store Manager to Assistant Divisional Manager and in 1960, he was appointed General Manager of Gretermans largest store in downtown Johannesburg and finally in 1963, Vice President of the Department Store Group.

He was appointed Joint Managing Director of Gresham Industries (a public company in the financial, manufacturing and distribution fields) in Johannesburg in 1969.

In 1972, Mr. Herber moved to Toronto and joined The Bay as Executive Assistant to the Deputy Managing Director. Six months later he was appointed to his present position of General Merchandising Manager, Toronto Metropolitan District. Mr. Herber was instrumental in planning and developing the unique merchandising concepts of the new store. Special emphasis has been placed on fashions in distinctive lifestyle settings and comfortable shopping environments.

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July, 1974

Fact Sheet on the "New" Bay at Bloor & Yonge

The following is a list of "highlight areas" to be found in The Bay's latest and most modern store located at Bloor and Yonge:

Fashion

The Bay at Bloor and Yonge devotes proportionately more space, time and stock to fashion than the traditional department store.

Lifestyles, and not departments separate the various shopping environments.

This exciting merchandising concept has been introduced using three distinct areas for women's fashions, thus identifying three lifestyles and adapting them into unique settings for the "Junior", "Contemporary" and "Establishment" woman plus areas for the affluent customers.

1. **Jeunesse on Bloor** has been created for the young women who will be able to shop for everything from coats to lingerie, from bluejeans to handbags in her own comfortable lifestyle setting. Featured is the "Trimmer's Shop" which is especially geared to the young woman's hairstyling needs.
2. **The Contempo Shop** is where the woman with contemporary tastes has been identified in both the setting and merchandise. This shop will carry better local and imported clothing, accessories, leather goods etc. The contemporary shopper will be able to put together a total look without leaving her own fashionable setting. There will be fashions by Clovis-Ruffin, Ports, Bilboquet, Outlander and accessories from John Warden.
3. The elegantly appointed decor of the **Mirror Room** literally reflects the lifestyle of the "Establishment" lady. The affluent customer will find a total world of fashions, from original imports to imported casual and sportswear.

The Mirror Room will be the home of fashions from leading domestic, European and U.S. "houses". An excellent selection of sportswear is assured from manufacturers which include: Gino Paoli; Pendleton and Ports International.

In an area called **Avant Garde** the African fashions "Cannovations" along with the Albert Nipon line, Von Furstenberg, Mary Farrin, Marcel Fenez, and "Tricot Partout" Jean Allen and Jean Varron, both from England—will be available.

Fashion Accessories

The trend to fashion accessories has increased tremendously. The accessory department here is proportionately larger and features jewellery, gloves, scarves, handbags and cosmetics.

Pierre Cardin's line will be featured along with quality Canadian and American costume jewellery and accessories. Five different Scandinavian sterling and sterling silver plated jewellery lines have been imported exclusively for this shop. Handbags and gloves with real understanding of fashion come from Canada, Spain, Italy, and South America.

Fur Salon

The fur salon in this store is one of the finest in the country and rightfully so. The Bay has been associated with the fur trade for over 300 years and is regarded as dependable throughout the world in the quality of skins and fashion. Native furs and skins such as Canadian Mink as well as Russian Sable, Norwegian Blue Fox, African Swakara, and others will be available. The world renowned designers include Robert Bernard of Amsel and Amsel, Donny Richer, Grosvenor and the Swakara "Comptral" Collection.

Specialty Shops

Weatherall Shop: The only Weatherall Shop in Toronto features fine imported English woollen coats and suits for the avid sportsman.

Jaeger Shop: This classic "English" house features a full selection of woolen sportswear, knitwear, coats, known for their classic styling.

Auckie Sanft: A boutique of the top Canadian coat and suit designer.

Lingerie/Loungewear

The Contemporary and Establishment shopper will find this shop extremely well-stocked with the very best in lingerie/loungewear lines from all over the world including designer lines such as Leo Chevalier, John Warden, Stan Herman and John Kloss to mention a few.

Junior World

A large area set aside for the junior customer with clothes, accessories, lingerie and a distinctive area called "Cream" with sophisticated junior clothing.

Contempo

A section of its own for the woman on the move. Well co-ordinated sportswear and dresses from local and overseas manufacturers plus a John Warden Boutique which is exclusive and really contemporary in concept.

Men's and Children's Departments

Children's Furniture Department

A room setting presentation of Infants co-ordinated furniture and accessories featuring exclusive imported furniture.

Vibrations/Carrousel

A unisex Teen Department—Their own exclusive shop with merchandise emphasis on Tops and Bottoms within this shop. A Jean Shop with name brands featured—Levi, Lee, GWG, HIS.

Grandmothers Gift Boutique

A Gift area within the babies department featuring imported merchandise from around the world.

Inner Circle

A shop catering to the junior contemporary customers and executives on the way up—featuring clothing and accessories, dress and casual wear, exclusive to Hudson's Bay Company for department stores, imported Yves St. Laurent clothing and furnishings will be a feature.

Hudson Room

A shop for the affluent male, where one can still obtain a custom made suit (made on the premises) or a custom shirt, as well, you'll find exclusive imported merchandise from around the world, e.g. Habson coats from Denmark whom we believe are the finest coat makers in the world.

Bridal Shop

The Bridal Shop offers the most up-to-date bridal fashions and a personalized assistance service from a trained consultant and a complete bridal registry service.

The consultant will assist in wedding preparations, meals and schedules and advise on proper etiquette. There is no charge for this service.

Sporting Goods

The Bay's sports shop will provide appropriate clothing and accessories for both participants and spectators. One can choose from Canadian and Imported sportswear from the U.S., Europe and the Orient.

The sporting goods area will incorporate a hockey shop with Howie Meeker skates (exclusive to the Bay), superior athletic shoe department; and a special service (beginning Spring 1975) of racquet stringing.

The Records Department

The Records Department has the first "listening bar" in Toronto which permits the customers to don headphones and listen to records of their choice.

Home Decorating — Home Operating Division

Furniture: 17,000 square feet of space filled with groupings of furniture as one would find it in a home setting. This decorating concept emphasizes modern, contemporary, traditional and country casual groupings. Lamps, pictures, floor coverings and furnishings will be grouped so one can see a totally appointed modern or country style room.

The Designer's Gallery will contain many authentic antique reproductions from the U.S., Italy, and Spain.

Thomas Shop: Featuring a distinctive look in modern dinnerware, flatware, and stemware, plus gift accessories and table fancies. This is the largest Thomas Shop in North America.

Staples: This department features a Designer's collection of coordinated sheets, towels, bedspreads, comforters, and shower curtains from top U.S. and European resources.

Early Canadiana Shop: A collection of authentic pine-crafted Early Canadian reproductions have been created exclusively for The Bay. The best of the Canadian past can be comfortably used in the craft-conscious present. The design has been authenticated and approved by Jean Palardy, O.C. of Quebec.

Audio Shop: A section set aside for stereo components and accessories.

Housewares Department

The gourmet shopper will be delighted to observe various cooking displays. There are three permanent demonstration areas plus a fully equipped demonstration kitchen with an exciting assortment of unusual items for the home from around the world.

Leisure and Travel

Canadiana Shop: Handcrafted Eskimo art including carvings of whalebone, soapstone and antler ivory; Indian art such as wooden masks, beadwork, and totem poles. This shop will also contain decorative and functional ceramics, both porcelain and stoneware from Ontario potters; metal sculpture wrought by Ontario craftsmen, handblown glass and handmade jewellery; homemade jam, jellies, and candies.

Stamp and Coin Shop: This unique shop will carry gifts for collectors and non-collectors alike.

Book Shop: In a section of its own with highlight areas for Canadiana and Travel.

Food Services

The Edibles: A 300-seat buffet-style restaurant combining the comforts and atmosphere of a dining room with the efficiencies of a cafeteria. This restaurant will offer wholesome staples such as roast-beef and Yorkshire pudding; English-style fish and chips, hamburgers etc., and a wide assortment of salads and desserts. A daily luncheon priced around \$1.50 will also be offered. The decor will feature caricatures, by Ronald Searle, of the Bay's history.

The Carving Board: An 80-seat specialty restaurant featuring hearty hot meat "bunwiches" such as Hickory Ham, Spiced Corn Beef and roast "Baron of Beef".

La Soupiere: A 120-seat modern self-service restaurant offering distinctive home-made soups, cold "bunwiches", choice desserts and beverages.

Exhibition Hall

The Bay has set aside 2,000 square feet of store space to become part of the community. Displays in handicrafts, police exhibitions, photographic shows, plant jungles, fashion shows, school plays etc. will take place here. Eskimo soapstone carvings are currently being gathered in the Arctic for future presentation sale in the Hall.

Customer Services Offered Are:

Interior decorating; travel; photo studio; post office; watch repair; appliance repair; gift wrap; The Bay Attractions Ticket Office; credit service; fur storage and repair; beauty salon and 'Trimmer's Shop'; Edith Serei, a Beauty Care Centre.

The store brings excitement and comfort to the traditional concept of department store shopping. Community events, exhibits, shows and demonstrations will become an integral part of the store's life. Even the display windows will change more frequently. The "new" Bay opens on August 7, with a living environment for the modern shopper.

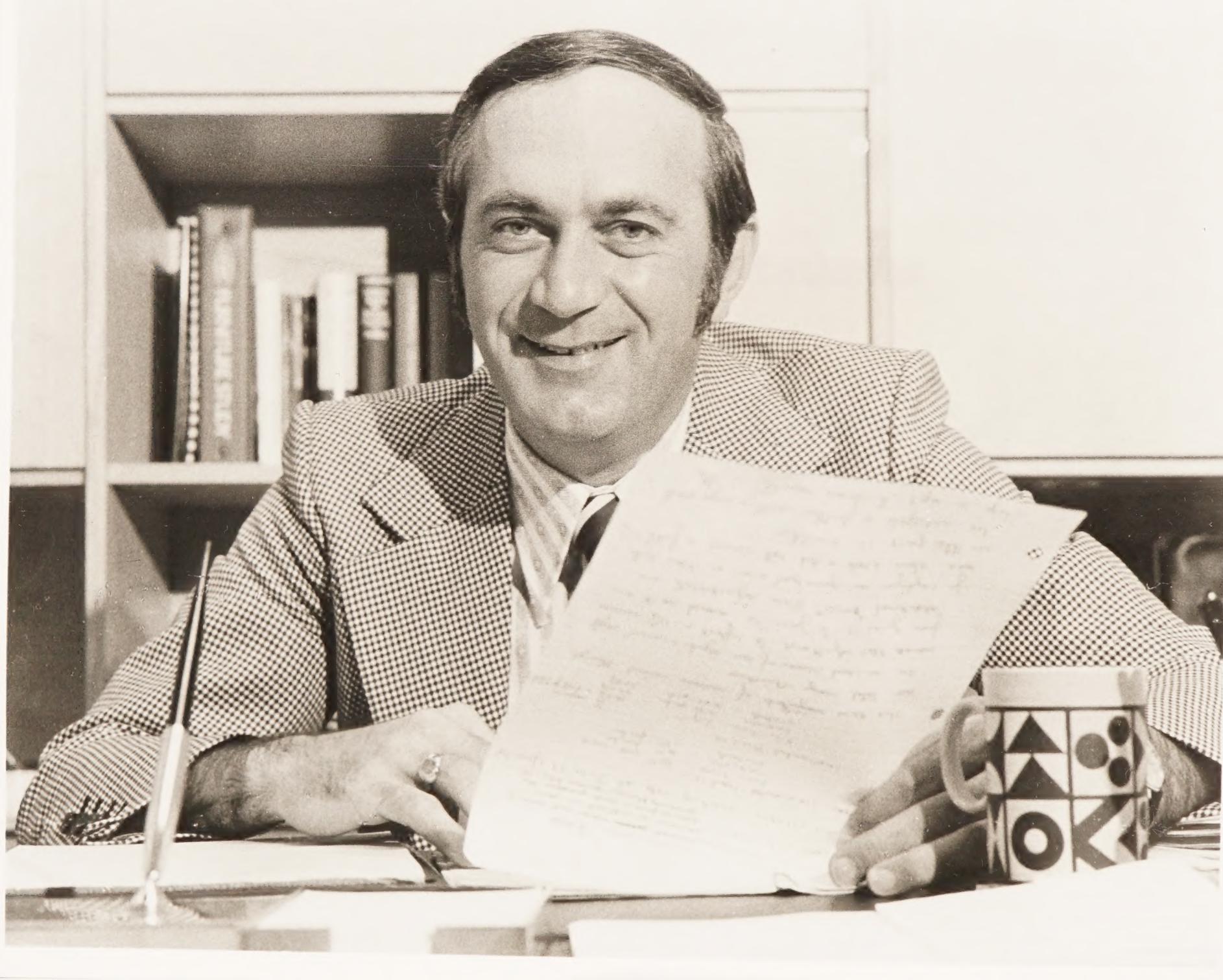
For further information contact:
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An artist's rendering of the new BAY at Bloor and Yonge.



Mr. Al A. Guglielmin
General Manager
The BAY
Bloor and Yonge



Mr. Robert W. Herber
General Merchandise Manager
Toronto Metropolitan District
The BAY

